

STATE OF SOUTH CAROLINA

(Caption of Case)

APPLICATION OF
BELLERUD COMMUNICATIONS, LLC
FOR CERTIFICATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER

22/369
BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2009 - 422 - C

(Please type or print)

Submitted by: Charlotte Lacey

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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February 12, 2010

VIA OVERNIGHT DELIVERY

Mr. Charles Terreni
Chief Clerk of the Commission
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210
(803) 896-5100

Re: Bellerud Communications, LLC
Docket No. 2009-422-C

Dear Mr. Terreni:

Enclosed please find for filing an original and twenty-five (25) copies of the company's pre-filed testimony. At this time, I would like to request an extension of our filing deadline for February 15, 2010.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage prepaid envelope I have provided.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Respectfully submitted,



Lance J.M. Steinhart
Attorney Bellerud Communications, LLC

cc:

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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-422-C

IN RE: APPLICATION OF)	
BELLERUD COMMUNICATIONS, LLC)	
FOR CERTIFICATION AS AN ELIGIBLE)	DIRECT TESTIMONY
TELECOMMUNICATIONS CARRIER)	OF PAUL WATSON
)	

I. Introduction

1 **Q: PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLERUD**
2 **COMMUNICATIONS, LLC AND YOUR BUSINESS ADDRESS.**

3 **A:** My name is Paul Watson. My title is Chief Operating Officer of Bellerud
4 Communications, LLC (hereinafter sometimes referred to as “Bellerud”). My
5 business address is 6905 North Wickham Road, Suite 403, Melbourne, Florida
6 32940.

7 **Q: PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND**
8 **AND EXPERIENCE.**

9 **A:** My background and experience is attached hereto as Exhibit A.

1

2 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 **A:** The purpose of my testimony is to demonstrate that Bellerud meets the state and
4 federal requirements for designation as an Eligible Telecommunications Carrier
5 (“ETC”) in the State of South Carolina in the designated areas of BellSouth
6 Telecommunications/AT&T South Carolina service territory (the “Designated
7 Service Area”). A List of Wire Centers is attached as Exhibit 1 to our application
8 filed in this Docket.

9 **Q: DOES BELLERUD CURRENTLY PROVIDE TELECOMMUNICATIONS**
10 **SERVICE IN SOUTH CAROLINA?**

11 **A:** Yes. Bellerud was granted a Certificate of Public Convenience and Necessity to
12 Provide Competitive Resold Local Exchange Telecommunications Services
13 within the State of South Carolina Pursuant to Order No. 2000-858 issued in
14 Docket No. 2000-318 on October 24, 2000. Bellerud is also a common carrier as
15 that term is defined in 47 U.S.C. §153(10), and Bellerud meets the requirements
16 of 47 U.S.C. § 214(e)(1).

17 **Q: DOES BELLERUD CURRENTLY CONTRIBUTE TO THE FUNDING**
18 **FOR UNIVERSAL SERVICE?**

19 **A:** Yes. Federal regulations require carriers such as Bellerud to contribute a portion
20 of their revenues to the funding of federal universal service.

1

2 **Q: IS THE COMPANY PRESENTLY ABLE TO DRAW FROM FEDERAL**
3 **UNIVERSAL SERVICE FUNDS FOR THE PROVISION OF THE**
4 **SUPPORTED SERVICES IN SOUTH CAROLINA?**

5 **A:** No. Until it is designated as an ETC for those areas it serves in South Carolina,
6 Bellerud is not able to receive any federal universal service funds to support its
7 provision of universal services to South Carolina consumers.

8 **Q: BY OBTAINING ETC DESIGNATION, WILL BELLERUD IMPROVE**
9 **THE QUALITY OF BASIC SERVICE PROVIDED TO SOUTH**
10 **CAROLINA RESIDENTS?**

11 **A:** Yes. As required, if Bellerud receives ETC designation, any universal service
12 funding it receives will be used only to support the provision, upgrading and
13 maintenance of Bellerud's residential network where Bellerud is designated as an
14 ETC in South Carolina. As a result, Bellerud will be able to improve the quality
15 of basic service by increasing the availability of this unique service to customers
16 who reside in areas of the state where the service is currently unavailable and, due
17 to credit and deposit requirements, may not be able to obtain the safety and
18 convenience of telephone service from traditional providers.

19

20 **Q: WILL BELLERUD'S CUSTOMERS EXPERIENCE OTHER BENEFITS**
21 **AS A RESULT OF BELLERUD'S DESIGNATION AS AN ETC?**

22 **A:** Yes. Since Bellerud is seeking only low income support, and Lifeline is designed
23 to reduce the monthly cost of telecommunications services for eligible consumers,

1 and is distributed on a per-customer basis and is directly reflected in the price that
2 the eligible customer pays, it is assured that all support received by the carrier is
3 used to provide Lifeline services to consumers, thus promoting Lifeline and the
4 availability of telephone service to low income users, which is clearly in the
5 public interest.

6 **Q: IS A COMPETITIVE LOCAL EXCHANGE CARRIER LIKE BELLERUD**
7 **ELIGIBLE FOR FEDERAL UNIVERSAL SERVICE SUPPORT?**

8 **A:** Yes. Both the 1996 Telecommunications Act ("TA'96") and the FCC's rules
9 establish the directives for the Commission to follow in making an ETC
10 designation. Section 214(e) of TA'96 specifically provides that any common
11 carrier, including a competitive local exchange carrier such as Bellerud, may be
12 designated as an ETC for federal universal service support purposes, provided
13 that carrier meets the specific criteria set forth in Section 214(e)(1) of the Act,
14 which Bellerud does.

15 **Q: WHAT ARE THE REQUIREMENTS FOR OBTAINING ETC**
16 **DESIGNATION?**

17 **A:** The eligibility requirements were recently supplemented by the FCC. The initial
18 requirements established by §214(e)(1) of the Act are still in place, and state:
19 A common carrier designated as an eligible telecommunications carrier under
20 paragraph (2) or (3) shall be eligible to receive universal service support in
21 accordance with section 254 and shall, throughout the service area for which the
22 designation is received:

1
2 (A) Offer the services that are supported by Federal universal service support
3 mechanisms under Section 254(c), either using its own facilities or a combination
4 of its own facilities and resale of another carrier's services (including the services
5 offered by another eligible telecommunications carrier); and
6

7 (B) Advertise the availability of such services and the charges therefore using
8 media of general distribution.
9

10 **Q: IS BELLERUD REQUESTING DESIGNATION IN THIS PROCEEDING**
11 **FOR THE STUDY AREA OF ANY RURAL LEC IN SOUTH CAROLINA?**

12 **A:** No. Bellerud's Petition requests designation only in the wire centers of
13 BellSouth/AT&T which have been classified as non-rural.

14 **Q: DOES BELLERUD CURRENTLY HAVE INTERCONNECTION**
15 **AGREEMENT WITH BELLSOUTH/AT&T?**

16 **A:** Yes.

17 **Q: IS IT YOUR UNDERSTANDING THAT BELLERUD IS ENTITLED TO**
18 **BE DESIGNATED AS AN ETC IF IT DEMONSTRATES THAT IT IS**
19 **CAPABLE OF MEETING ALL OF THE OBLIGATIONS IMPOSED BY**
20 **SECTION 214(e) OF TA'96 AS WELL AS THE NEW REQUIREMENTS**
21 **ESTABLISHED BY THE FCC'S MARCH, 2005 ORDER?**

22 **A:** Yes. Bellerud has filed an Affidavit in support of its requirements for designation
23 as an Eligible Telecommunications Carrier as Exhibit 4 to our application filed in
24 this Docket.

1 **Q: THE FIRST CRITERION FOR ETC DESIGNATION UNDER SECTION**
2 **214(e)(1) IS COMMON CARRIER STATUS. IS BELLERUD A COMMON**
3 **CARRIER?**

4 **A:** Yes. Bellerud is a "common carrier" for purposes of obtaining ETC designation
5 under 47 U.S.C. § 214(e)(1). A common carrier is generally defined in 47 U.S.C.
6 §153(10) as "any person engaged as a common carrier for-hire" in interstate or
7 foreign communications utilizing either wire or radio technology, except for radio
8 broadcasters.

9 **Q: THE SECOND REQUIREMENT IS THAT BELLERUD OFFER THE**
10 **"SUPPORTED SERVICES." WHAT ARE THE SUPPORTED SERVICES**
11 **THAT MUST BE OFFERED?**

12 **A:** The FCC has identified (at 47 C.F.R. §54.101(a)) the following services and
13 functionalities as the core services to be offered by an ETC and supported by
14 federal universal service support mechanisms:

- 15 1. voice-grade access to the public switched network;
- 16 2. local usage;
- 17 3. dual tone multi-frequency signaling or its functional equivalent;
- 18 4. single-party service or its functional equivalent;
- 19 5. access to emergency services;
- 20 6. access to operator services;
- 21 7. access to interexchange services;
- 22 8. access to directory assistance;
- 23 9. toll limitation for qualifying low-income consumers

1 **Q: CAN BELLERUD CURRENTLY PROVIDE THE SUPPORTED**
2 **SERVICES SET FORTH ABOVE USING ITS NETWORK THAT IS IN**
3 **PLACE TODAY?**

4 **A:** Yes. Bellerud's present network can provide all of the supported services to
5 consumers in South Carolina. Bellerud recognizes its obligation to offer these
6 services including the "toll limitation for qualifying low-income consumers"
7 service that is linked to the federal "Lifeline" program and targeted at meeting the
8 needs of low-income consumers. Bellerud, however, cannot participate in the
9 federal Lifeline program until it receives its ETC designation. Once Bellerud
10 receives ETC designation it will provide toll limitation as required by the FCC's
11 rules.

12 **Q: COULD YOU EXPLAIN EACH OF THE SUPPORTED SERVICES AND**
13 **HOW BELLERUD PROVIDES, OR WILL PROVIDE THESE**
14 **SERVICES?**

15 **A:** Yes. Bellerud presently provides or plans to provide each of the supported
16 services identified by the FCC in 47 C.F.R. § 54.101(a) as follows:

17
18 a. *Voice-grade access to the public switched telephone network.* The
19 FCC has concluded that voice grade service means the ability to make and
20 receive phone calls, within a specified bandwidth and frequency range.
21 Bellerud meets this requirement by providing voice-grade access to the
22 public switched telephone network. Through its interconnection

1 agreements, all customers of Bellerud are able to make and receive calls
2 on the public switched telephone network within the specified bandwidth.

3 b. *Local usage.* ETCs must include local usage beyond providing
4 simple access to the public switched network as a part of a universal
5 service offering. Bellerud includes specified quantities of usage in its rate
6 plans and thereby complies with the requirement. It is important to note,
7 that currently, there is no specific rule that requires an ETC to include any
8 particular amount of local usage, although all of Bellerud's service
9 offerings include unlimited local calling.

10 c. *Dual-tone, multi-frequency ("DTMF") signaling or its functional*
11 *equivalent.* DTMF, more commonly known as touch-tone, is a method of
12 signaling that facilitates the transport of call set-up and detail information.
13 Through its interconnection agreements, Bellerud provides DTMF
14 signaling to its customers, which is the equivalent of that offered by the
15 incumbent LECs to its customers.

16 d. *Single-party service or its functional equivalent.* Bellerud meets
17 the requirement of single-party service by providing a dedicated message
18 path for the length of all customer calls.

1
2 e. *Access to emergency services.* The ability to reach a public
3 emergency service provider by dialing 911 is a requirement in any
4 universal service offering. Bellerud currently provides its subscribers
5 access to 911 emergency service in accord with this requirement, and
6 consistent with FCC Regulations throughout the service area for which
7 designation is sought. Bellerud also provides Enhanced 911 services
8 including Phase I and Phase II E911 services where requested by local
9 public safety authorities ready to receive the information and where the
10 local exchange carrier supports such services.

11 f. *Access to operator services.* Access to operator services is defined
12 as any automatic or live assistance provided to a consumer to arrange for
13 billing or completion, or both, of a telephone call. Bellerud currently
14 provides access to operator services through a 1-800 calling service.
15 Customers can also obtain 1+ service through a third party provider to
16 access such services.

17 g. *Access to directory assistance.* Much like operator services,
18 Bellerud currently offers access to directory assistance services through a
19 1-800 calling service. Customers can also obtain 1+ service through a
20 third party provider to access such services.

21 h. *Access to interexchange service.* Bellerud meets the requirements
22 of access to interexchange service by providing all of its customers with
23 the ability to make and receive interexchange calls through 1+800 calling

1 services provided by third party LD carriers. Additionally, customers can
2 obtain 1+ services through a third party provider, and are able to reach
3 their IXC of choice by dialing the appropriate access code.

4 i. *Toll limitation for qualifying low-income consumers.* As
5 previously mentioned, toll limitation for qualifying low-income
6 consumers is linked to participation in the Lifeline program, which
7 Bellerud will participate in and offer upon designation as an ETC. 47
8 CFR § 54.400(d) defines Toll Limitation” as either toll blocking *or* toll
9 control for telecommunications carriers that are incapable of providing
10 both services. At this time, Bellerud does offer toll control. Per the
11 requirements of 47 CFR § 54.400(d) Bellerud will provide eligible
12 Lifeline subscribers with the ability to subscribe to toll blocking, at no
13 additional charge, which restricts the dialing of toll billed calls while
14 permitting local calls, and non-chargeable calls to company numbers such
15 as repair service, emergency numbers (911) and 800 dialing.

1

2 **Q: DOES BELLERUD OFFER THE ABOVE-REFERENCED SUPPORTED**
3 **SERVICES VIA ITS OWN FACILITIES OR A COMBINATION OF ITS**
4 **OWN FACILITIES AND RESALE OF ANOTHER CARRIER’S**
5 **SERVICES?**

6 **A:** Depending on the type of service the customer requests and the precise location of
7 the customer, Bellerud offers the supported services either through the purchase of
8 switched port/loop combinations Unbundled Network Elements (UNEs) or
9 through resale of another carrier’s services. Consistent with the requirements of
10 47 CFR. § 201(e), these facilities are physical components of the
11 telecommunications network that are used in the transmission or routing of the
12 services for which support is requested. Because these facilities include
13 unbundled network elements, they meet the FCC’s definition of “own facilities”
14 established in 47 CFR § 201(f) and thereby make the method by which Bellerud
15 provisions the supported services consistent with the FCC’s rules found at 47
16 CFR § 54.201(d)(1) through (i).

17 **Q: WILL BELLERUD PROVIDE SUPPORTED UNIVERSAL SERVICES**
18 **ONCE DESIGNATED AS AN ETC?**

19 **A:** Yes. Bellerud will provide all supported universal services once designated as an
20 ETC.

1

2 **Q: WILL BELLERUD PARTICIPATE IN THE LIFELINE AND LINK-UP**
3 **PROGRAMS IF IT IS DESIGNATED AS AN ETC?**

4 **A:** Yes, as we stated in our Petition, upon designation as an ETC, Bellerud will
5 participate in, and offer, LifeLine and Link-Up programs to qualifying low-
6 income consumers and publicize the availability of Lifeline and Link-Up services
7 in a manner reasonably designed to reach those likely to qualify for those
8 services, as required by 47 C.F.R. §§ 54.401-54.417; 54.405(b)& 54.411(d).

9 **Q: A THIRD REQUIREMENT FOR DESIGNATION AS AN ETC IS TO**
10 **ADVERTISE THE AVAILABILITY OF THE SUPPORTED SERVICES.**
11 **HOW DOES BELLERUD INTEND TO ADVERTISE THE**
12 **AVAILABILITY OF THE SUPPORTED SERVICES?**

13 **A:** Bellerud advertises the availability of the supported services and the
14 corresponding charges in a manner that informs the general public within the
15 designated service area of both the services available and the corresponding
16 charges. Bellerud advertises its services through several different media of general
17 distribution including (but not limited to) marketing at targeted retail locations as
18 well as advertisements via television, radio, newspapers and various free
19 publications target at low-income consumers such as the “Dollar Saver”. In
20 addition, Bellerud will comply with the requirements of 103-690(C) of the
21 Commissions rules, which states that “carriers seeking certification in areas not
22 eligible for High Cost Support from the USF, but seeking ETC designation for the
23 purpose of participation in the Lifeline and Link Up programs...shall submit a

1 two-year plan that describes the carrier's plans for advertising and outreach
2 programs for identifying, qualifying, and enrolling eligible participants in the
3 Lifeline and link Up programs".

4 **Q: IS BELLERUD ABLE TO SATISFY EACH OF THE ADDITIONAL**
5 **REQUIREMENTS ESTABLISHED IN THE FCC'S MARCH 17, 2005**
6 **ORDER?**

7 **A:** Yes. Bellerud will provide each of the supported services identified in 47 C.F.R.
8 §54.101 as follows:

9 a. Bellerud will commit to provide service throughout its proposed
10 designated service area to all customers making a reasonable request for service.
11 Bellerud certifies that it will (a) provide service on a timely basis to requesting
12 customers within the applicant's service area where the applicant's network
13 already passes the potential customer's premises; and (b) provide service within a
14 reasonable period of time, if the potential customer is within Bellerud's licensed
15 service area but outside its existing network coverage, if service can be provided
16 at reasonable cost by reselling services from another carrier's facilities to provide
17 service.

18 b. Under FCC guidelines, an ETC Applicant must submit a five-year plan
19 that describes with specificity proposed improvements or upgrades to the
20 applicant's network on a wire center-by-wire center basis throughout its proposed
21 Designated Service Area. The only circumstance warranting deviation from this
22 requirement is where an applicant's requested ETC serving territory would qualify
23 it to receive no "high cost" USF support, but only "low income" USF support.

1 Because Bellerud seeks ETC designation solely for purposes of reimbursement for
2 provision of subsidized Lifeline and Link-Up services to eligible customers,
3 submission of a Five-Year Network Improvement Plan is not required at this time.

4 In lieu of this requirement, Bellerud will fully comply with the requirements of
5 103-690(C) and has submitted Bellerud's two-year Lifeline and Link Up
6 advertising plan in its Application for Certification as an Eligible
7 Telecommunications Carrier. As Lifeline support is designed to reduce the
8 monthly cost of telecommunications services for eligible consumers, and is
9 distributed on a per-customer basis and is directly reflected in the price that the
10 eligible customer pays, it is assured that all support received by the carrier is used
11 to provide Lifeline services to consumers, thus promoting Lifeline and the
12 availability of telephone service to low income users, which is clearly in the
13 public interest.

14
15 c. Providing service to its customers through resale of another carrier's
16 services or the use of switched port/loop combination UNEs, leased from the
17 ILECs, allows Bellerud to provide to its customers the same ability to remain
18 functional in emergency situations as currently provided by the ILECs to their
19 own customers (including access to a reasonable amount of back-up power to
20 ensure functionality without an external power source, rerouting of traffic around
21 damaged facilities, and the capability of managing traffic spikes resulting from
22 emergency situations). Further, by nature of the fact that these services are
23 implicitly included in the rates that Bellerud pays to the ILECs, these capabilities

1 are also available to Bellerud's customers.

2 d. Bellerud will satisfy applicable consumer protection and service quality
3 standards. Under FCC guidelines, an ETC Applicant must demonstrate that it will
4 satisfy applicable consumer protection and service quality standards. 47 CFR
5 §54.202(a)(3); FCC ETC Order at Para 28. Applicant will satisfy all such
6 standards. As part of its certification requirements for providing local exchange
7 services, Applicant must abide by the service quality and consumer protection
8 rules. In addition, Applicant commits to reporting information on consumer
9 complaints per 1,000 lines on an annual basis consistent with the FCC's ETC
10 Order. Applicant in general commits to satisfying all such applicable state and
11 federal requirements related to consumer protection and service quality standards.

12 e. Bellerud's offering includes a local usage component with unlimited local
13 calling similar to the ILECs' basic local service offerings. The amount of credits
14 that will be provided to eligible low participating in the lifeline and link-up
15 program, is set forth in proposed tariff revisions, which was attached as Exhibit 2
16 to our Application in this Docket.

1
2 f. Bellerud acknowledges that the FCC may require it to provide equal
3 access to long-distance carriers in the event that no other eligible
4 telecommunications carrier is providing equal access within the service area.

5 g. As relevant to the Commission's public interest inquiry, Bellerud's
6 presence will undeniably include a benefit of increased customer choice, as
7 Bellerud's service offering is unique, and serves a specific sector of the public
8 who might well not otherwise have wire line telephone service.

9 h. Bellerud does not seek designation below the study area level of a rural
10 telephone company, and therefore, no "cream skimming" analysis is required.
11 Likewise, Bellerud does not seek designation as an ETC for any part of tribal
12 lands. Therefore, the public notice requirements established by the FCC for tribal
13 lands do not apply.

14 **Q: IN WHAT SERVICE AREAS IS BELLERUD SEEKING DESIGNATION**
15 **AS AN ETC?**

16 **A:** Pursuant to Section 54.207 of the FCC's rules, a "service area" is a "geographic
17 area established by a state commission for the purpose of determining universal
18 service obligations and support mechanisms." 47 C.F.R. § 54.207(a). For service
19 areas served by non-rural ILECs such as BellSouth/AT&T, there are no
20 restrictions on how a Commission defines the "service area" for purposes of
21 designating a competitive ETC. Bellerud proposes a service area consisting of
22 each of the AT&T South Carolina wire centers in South Carolina which are set
23 forth in Exhibit 1 to our Application in this Docket.

1

2 **Q: DOES BELLERUD PROVIDE TELECOMMUNICATIONS SERVICE**
3 **THROUGHOUT THE NON-RURAL ILEC SERVICE AREAS FOR**
4 **WHICH IT SEEKS ETC DESIGNATION?**

5 **A:** Yes.

6 **Q: BEFORE DESIGNATING BELLERUD AS AN ETC, IS THE**
7 **COMMISSION REQUIRED TO FIND THAT THE DESIGNATION IS IN**
8 **THE PUBLIC INTEREST?**

9 **A:** Yes.

10 **Q: HOW, AND IN WHAT TERMS, WILL BELLERUD’S PRESENCE AS AN**
11 **ETC IN SOUTH CAROLINA AFFECT THE MARKET AS A WHOLE**
12 **AND THE PUBLIC INTEREST GENERALLY?**

13 **A:** A grant of Bellerud's application will serve the public interest and the market as a
14 whole by promoting additional deployment of Bellerud’s unique local service. It
15 is important to note that most of Bellerud’s customers do not meet the traditional
16 “creditworthiness” test of ILECs and CLECs, and therefore, many are unable to
17 obtain wire line local exchange service. Bellerud’s designation as an ETC will
18 bring consumers the benefits of its unique service to a specific segment of the
19 market.

20 Furthermore, A central purpose of the Telecommunications Act of 1996 was to
21 “promote competition and reduce regulation ... [thereby securing] lower prices
22 and higher quality services ... and encourage the rapid deployment of new

telecommunications technologies.”¹ Designation of Bellerud as an ETC would further these goals. Granting ETC status to Bellerud would allow the Company to obtain federal universal service support, which it will use to offer innovative telecommunications services at competitive prices to non-rural consumers in the Designated Service Area.

Q: IF BELLERUD’S PETITION IS GRANTED, WILL THERE BE ANY FINANCIAL IMPACT ON THE UNIVERSAL SERVICE FUND OR THE FEDERAL UNIVERSAL SERVICE FUND SURCHARGE THAT SOUTH CAROLINA END USERS PAY?

A: No. In fact the amount of support available to an eligible subscriber is exactly the same whether the support is given through a company such as Bellerud or the Incumbent LEC operating in the same service area. As such designation of Bellerud will not create any financial impact on the Universal Service Fund, the Federal Universal Surcharge that South Carolina end users pay, or an increase to the State or its political subdivisions.

Q: HAS BELLERUD BEEN GRANTED ETC STATUS BY ANY STATE COMMISSIONS?

A: Yes, Bellerud has been designated as ETC in the State of Alabama.

¹ The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 56 (1996).

1

2 **Q: HAS BELLERUD BEEN AUDITED BY USAC, OR ANY OTHER ENTITY,**
3 **PERTAINING TO LIFELINE AND LINK-UP?**

4 **A:** No.

5 **Q: DOES BELLERUD AGREE TO COMPLY WITH ALL COMMISSION**
6 **RULES AND REGULATIONS REGARDING ETC, INCLUDING THOSE**
7 **SET FORTH IN DOCKET NO. 2006-37-C?**

8 **A:** Yes. Applicant hereby asserts its willingness and ability to comply with all the
9 rules and regulations that the Commission may lawfully impose upon Applicant's
10 provision of service contemplated by this application.

11 Applicant has requested ETC designation in wire centers located throughout, the
12 service area of AT&T South Carolina, a non-rural carrier. Additionally,
13 Applicant has limited its requested USF support to the federal USF low income
14 support program. Applicant certifies that all low income USF funding it receives
15 will be used to provide a credit to its Lifeline and Link-up eligible customers,
16 consistent with 47 CFR 54.403.

1

2 Applicant agrees to include in its quarterly Service Quality Report the number and

3 justification of applications held for more than 30 days and the number and

4 justification of applications that were denied. Bellerud will only seek direct low

5 income support from the Federal Universal Service Fund for the those line

6 provided through the use of its own facilities or through a combination of its own

7 facilities and the leased facilities of another carrier. Applicant agrees to utilize

8 the same qualifying criteria for Lifeline and Link-up as is offered in the AT&T

9 South Carolina territory (eligibility for TANF, Food Stamps, and Medicaid).

10 Applicant agrees that it will abide by all advertising and reporting and verification

11 requirements established by the FCC and Commission.

12 **Q: EXPLAIN HOW THE COMPANY'S RATES AND CHARGES ARE**

13 **COMPARABLE TO BELL SOUTH TELECOMMUNICATIONS/AT&T**

14 **SOUTH CAROLINA RATES AND CHARGES?**

15 **A:** Applicant agrees to provide Lifeline customers an additional \$3.50 credit in order

16 that the federal matching monies can be maximized. This will yield a Lifeline

17 credit of \$13.50 per month which is consistent with the credit offered throughout

18 AT&T South Carolina service area.

19

1

2 Should Applicant seek designation as an ETC for high cost support, Applicant
3 will file an additional and separate application with the Commission that
4 addresses all applicable state and federal laws, rules and regulations, including,
5 but not limited to, an appropriate build-out plan that includes the use of its own
6 facilities in addition to those obtained through commercial agreements to provide
7 services to un-served areas.

8 Applicant has submitted a two-year plan that describes the carrier's plans for
9 advertising and outreach programs for identifying, qualifying and enrolling
10 eligible participants in the Lifeline and Link Up programs.

11 Applicant shall comply will all applicable state and federal laws, rules, and
12 regulations regarding ETC designation and reporting requirements.

13

14 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A: Yes.**

Exhibit A

Resume

Paul Watson - Biography

In 2009 Paul Watson was hired by Associated Telecommunications Management Services as the Bottom Line Team Executive Director due to his extensive experience with Telecommunication and Compliance. In 2010, he was promoted to the Chief Operations Officer. In his current position as the COO, Paul is responsible for Group Companies, Compliance, and General Operations.

Paul began his experience in the telecommunications industry in 1998 as a managing business partner with the CLEC Teleconex, Inc. Paul was crucial in building the foundation of Teleconex, Inc. as the Vice President of Human Resources, where he managed personnel for inbound sales, customer service, provisioning and repair. He was promoted to Operations Director where his focal point was personnel, marketing, IT, and the processes for overall business administration.

In 2004, Paul Watson became the Associate Director with Lost Key Telecom, Inc. Paul's concentration is business strategy, compliance management, operations and client relations. His knowledge encompasses most aspects of the industry with specialization in Lifeline, Linkup and TLS compliance; along with ETC business management.

As a graduate of Oral Roberts University, Paul holds a Bachelor of Science in Business Administration. With an ever changing market, he continues to stay updated on the latest advances, tools and knowledge in the telecommunications industry including compliance regulations set by the FCC and State Public Utilities Commissions.